

Message Text

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FM SECSTATE WASHDC
TO AMEMBASSY NEW DELHI IMMEDIATE

C O N F I D E N T I A L STATE 086508

EXDIS FOR SECRETARY SIMON

FOLLOWING REPEAT EC BRUSSELS 3319 ACTION SECSTATE 15 APR 75

QTE

C O N F I D E N T I A L EC BRUSSELS 3319

EXDIS

EUR FOR HARTMAN AND EB FOR J. KATZ

EUR PASS AMBASSADOR GREENWALD ON ARRIVAL

PASS AGRICULTURE FOR SECRETARY BUTZ

STR FOR AMBASSADOR DENT

TREASURY FOR MACDONALD

E.O. 11652: GDS
TAGS:, ETRD, EEC
SUBJECT: EC COUNTERVAILING PROBLEM

REF: EC BRUSSELS 3289 AND PREVIOUS

1. SUMMARY: GUNDELACH APPROACHED ME URGENTLY AND
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CONFIDENTIALLY AT NOON APRIL 15 ACTING WITH AGREEMENT OF

ORTOLI, SOAMES AND LARDINOIS, GUNDELACH STRONGLY URGES THAT WE PUT OFF FINAL DECISION ON THE CHEESE COUNTERVAILING ISSUE ONE MORE WEEK. HE SAYS THAT IF THE COMMISSION MUST DECIDE NOW, ITS RESPONSE TO THE LATEST US POSITION IS APT TO BE NEGATIVE WITH SERIOUS POLITICAL SPILL-OVER FOR GENERAL US/EC RELATIONS. WHILE HE COULD GIVE NO "GUARANTEE", GUNDELACH IS OPTIMISTIC HE CAN GET THE PROBLEM SETTLED ON A BASIS ACCEPTABLE TO THE US IF ALLOWED ADDITIONAL TIME. GUNDELACH MUST MEET WITH ORTOLI PRIOR TO COMMISSION SESSION MORNING APRIL 16 AND REQUESTS AN ANSWER TODAY. PLEASE INSTRUCT. END SUMMARY.

2. ACCORDING TO EC COMMISSIONER GUNDELACH, WHO ASKED THAT HIS PERSONAL INVOLVEMENT BE TREATED WITH DISCRETION, THE CHEESE COUNTERVAILING ISSUE COULD --IF IT GETS OUT OF HAND -- HAVE EVEN MORE SERIOUS POLITICAL CONSEQUENCES THAN THE CHICKEN WAR OF THE 1960'S. HIS ANALYSIS OF THE PRESENT SITUATION IN THE COMMUNITY IS THAT IT IS CHARACTERIZED BY: -(A) CONTROVERSY WITHIN THE COMMISSION; (B) CONFUSION AMONG THE EC MINISTERS; BUT (C) HOPEFUL SIGNS THAT A SATISFACTORY SOLUTION COULD BE FOUND WITH ANOTHER WEEKS'S WORK. GUNDELACH EMPHASIZED THAT HE IS APPROACHING IS WITH THE KNOWLEDGE AND "FULL CONSENT" OF EC COMMISSION PRESIDENT ORTOLI AS WELL AS SOAMES AND LARDINOIS. HE HAD REVIEWED THE MATTER AT LENGTH THIS MORNING WITH THE TWO LATTER COMMISSIONERS. WHILE HE COULD MAKE NO HARD PROMISE, GUNDELACH IS CONSIDERABLY ENCOURAGED. HE BELIEVES THE PROBLEM CAN BE SOLVED ON A BASIS ACCEPTABLE TO THE US AND "WOULD NOT EXCLUDE" THE POSSIBILITY THAT THE COMMUNITY WILL ACCEPT THE LATEST US REQUEST.

3. GUNDELACH EXPLAINED THAT MORE TIME IS NEEDED BECAUSE SEVERAL KEY COMMISSIONERS, INCLUDING SOAMES, WILL BE TRAVELLING OR OTHERWISE HEAVILY ENGAGED THE NEXT FEW DAYS. (AS WE HAVE PREVIOUSLY REPORTED SOAMES WILL BE ON AN OFFICIAL VISIT TO MEXICO AND LARDINOIS IS HEAVILY ENGAGED BY THE FRENCH-ITALIAN WINE DISPUTE.)

4. GUNDELACH STRESSED THAT HIS RELATIVE OPTIMISM IS BASED ON THE EC COUNCIL DISCUSSION APRIL 14 AS WELL AS
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ON INTERNAL EXCHANGES WITHIN THE COMMISSION. HE CHARACTERIZED THE COUNCIL DISCUSSION AS CONFUSED BUT POSITIVE ON BALANCE - SOME PRESS REPORTS TO THE CONTRARY NOTWITHSTANDING. OF THE MINISTERS WHO SPOKE ONLY THE FRENCH MADE CLEARLY NEGATIVE NOISES AND, ACCORDING TO GUNDELACH, THEIR TRADE INTEREST IS LIMITED. GERMANY, THE BENELUX COUNTRIES AND DENMARK WERE ALL IN FAVOR OF FURTHER EFFORTS TO RESOLVE THE ISSUE. THEY HAD INDICATED -- WITH VARYING DEGREES

OF CLARITY -- THAT THE US POSITION SHOULD BE ACCEPTED
IF ESSENTIAL TO AVOID A CLASH. THE ITALIANS WERE QUIET
AND THE BRITISH POSITIVE BUT RESTRAINED. (GUNDELACH THOUGHT
IT TACTICALLY WISE THAT THE BRITISH DID NOT GO OVERBOARD
IN PUSHING FOR THE US POSITION.)

5. GUNDELACH SAID HE WAS ESPECIALLY HEARTENED BY THE
DANISH REACTION. GIVEN THEIR SIGNIFICANT TRADE INTEREST
AND THEIR WILLINGNESS TO GO ALONG WITH THE US POSITION
"AS THE LESSER OF EVILS", THE DANES HAD HELPED SET A
POSITIVE TONE IN THE COUNCIL.

6. IN VIEW OF THE FOREGOING, GUNDELACH REQUESTS URGENT
WASHINGTON CONSIDERATION OF HIS REQUEST FOR MORE TIME.
I REVIEWED THE HISTORY OF THIS MATTER; EXPLAINED MY UNDER-
STANDING OF THE PRESSURES IN WASHINGTON; AND OF COURSE
MADE NO COMMENT BEYOND AGREEMENT TO TRANSMIT THE
REQUEST AT ONCE.

7. ACTION REQUESTED: I WOULD APPRECIATE INSTRUCTIONS
SOONEST ON THE ANSWER TO BE GIVEN GUNDELACH. HE WILL
HAVE TO LEAVE BRUSSELS MID-MORNING APRIL 16 FOR A LONG-
STANDING COMMITMENT IN ENGLAND AND WILL BE BACK THURSDAY
EVENING. PRIOR TO HIS DEPARTURE HE WANTS TO MEET WITH
ORTOLI WITH THE US RESPONSE IN HAND. MYERSON
UNQTE KISSINGER

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